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FARMER COOPERATION

An American Way



Section F. Group Demonstrations

- Sharing - The Cement in Cooperatives - -
A 4-H Discussion Demonstration
- Organizing A Junior Cooperative - -
An F. F. A Discussion Demonstration

FARMER COOPERATIVE SERVICE and
EXTENSION SERVICE of the
U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.
In Cooperation with
AMERICAN INSTITUTE OF COOPERATION

FOREWORD

This is the sixth of a series of dramatizations, talks and demonstrations developed to assist youth groups and their leaders in farm business training programs...with special emphasis on farmer cooperatives.

The "off the farm" or the "beyond the line fence" phases of farming have greatly increased. Also, as smaller portions of the products of the farm are consumed at home, these activities are expanding. Through their cooperatives, farmers increase their participation in this "off the farm" business.

On the recommendation of both cooperative and educational leaders in 1950, the Director of the Federal Extension Service appointed a committee to develop a program in farm business training for these youth groups and to prepare material for their use. As dramatizations, illustrated talks, and demonstrations had proved so effective in other extension youth training programs, the committee recommended them for this program.

Officials of the U. S. Office of Education; supervisors, teacher trainees, and teachers of vocational agriculture; and supervisors and instructors of veterans over the past few years have developed extensive programs in teaching cooperation as part of the off-farm business training. These programs emphasize the "learning by doing" methods of teaching.

The various sections of FCS Educational Aid 1 were prepared to supply material for these programs. This one, section F, contains two demonstrations.

The dramatizations, illustrated talks and demonstrations in all sections of this circular are suggested as guides only. They are not meant to be memorized but to be given in the speaker's own words. It is expected that the member or leader will adapt what he says to the local situation for the different points made. Some may well be left out and others expanded or additional ideas presented.

One group will probably not be interested in all the activities. Thus it was thought best to issue the demonstrations in sections.

Section A. Contains dramatizations on "The Way of the Pioneer" and "Cooperation Lights and Lightens Housework."

Section B. Contains illustrated talks on "Purchasing Feeds" and "Four Kinds of Business Firms."

Section C. Contains demonstrations on "The Use of the Revolving Fund for Financing Farmer Cooperatives" and "Parliamentary Procedure."

Section D. Contains an illustrated talk on "The Way Farmers Do Business."

Section E. Contains an illustrated talk on "The American Private Enterprise System."

Section F. Contains group demonstrations on "The Co-op Tour as an Educational Activity" and "Organizing a Junior Cooperative."

The presentations developed in Sections A, B, C, D, and F are suggested for older teenagers and for young people beyond 4-H Club age. Section E has been designed for use by 4-H Club leaders and can be adapted to all age groups.

Sharing --

The Cement in Cooperatives

A 4-H Discussion Demonstration

Jas. L. Robinson¹

Explanation

This two-scene skit is an activity related to farmers' cooperatives that is suited for use by older 4-H Club members and by younger Y. M. and W. groups. The central idea is to stage a 4-H discussion group program before an appropriate meeting. This can be a community or county meeting or a civic club or other program for a town organization.



¹This skit was developed for use by a 4-H Club group at the 1953 Session of the American Institute of Cooperation at Columbia, Mo. The central theme of "sharing" is based on a paper by Richard Phillips, Economist with Iowa State College. The first draft was written after conferences with R. H. Clough, 4-H Leader for the Missouri Extension Service, and W. H. Johnson, Extension Representative for the Baltimore Farm Credit District. The dramatization is largely theirs. The skit as presented here incorporates several features worked out by the Missouri leaders in putting it on for the first time. Also included are a number of valuable suggestions given by W. H. Dankers, Extension Economist for the Minnesota Extension Service.

Perhaps most appropriately it might be used before an annual or other meeting of a farmers' cooperative. Such participation by the young people will provide variety for the program, bring a larger number of the co-op's members to the meeting and inform the 4-H members about cooperatives.

As indicated by the text, it would be preceded by a visit to and fairly careful study of a cooperative by the 4-H or Y. M. and W. group. This tour and the skit can be made a joint activity in which the older members of several local 4-H Clubs would join. Before visiting the co-op, the Extension agent or adult leader would develop with the group a series of questions for them to ask in getting the manager to explain essential features of the cooperative.

The questions used in the skit are usually the most important but others would be added to fit each local situation.

The skit as organized is best suited for use with an independent local purchasing, marketing or processing association. It can, however, be readily adapted to use with other types of cooperatives. The local county agent reorganized it following his 4-H members' visit to their Rural Electric Cooperative and they presented it before a sectional meeting of the American Institute of Cooperation at Columbia, Mo., in August 1953.

Following the tour or at an in-between meeting the group should decide on just what questions to use at the public meeting and who will give the answers. Then most 4-H groups would like to have a rehearsal previous to going before an audience. The Missouri group did this by meeting in the conference room to be used an hour before the meeting started.

Demonstration

Scene 1

The office or other suitable place connected with a local farmers cooperative. A group of older 4-H club members with their adult leader and their county agent are saying goodbye to the manager who has just completed answering their questions and conducting them over the plant or place of business.

Manager: Mr. (*Name of County Agent*), we sure are glad you made arrangements with us and brought these 4-H members to visit our cooperative. We're kind of proud of our farmer-owned organization. We like to have interested groups come and see it. You club folks (turning to 4-H'ers) must really be interested. I don't know when I've had so many good questions fired at me. It seems like you want to know what makes cooperatives tick. _____ (name of 4-H president or other 4-H member at head of group), it's quite an honor to be the leader of such a fine group of young people.

4-H President: Thanks, Mr. _____ (name of manager). I sure am proud of being elected president of this club. It's about the highest honor that has come to me. I want to tell you that we 4-H members appreciate your taking the trouble to show us around and to answer our questions. You have really shown us how this co-op works, (turning to the 4-H members) and we've had a fine time, haven't we, gang!

4-H group in concert -- Different speakers simultaneously on each word or phrase: "We have that." "Thanks." "Yes, indeed."

County Agent: Mr. _____ (name of manager), you have been a kind host and have really told these young folks a lot about guiding principles for farmer co-ops. The next time the club meets, they'll have a talk fest about what they learned on this trip. My bet is there will be a lively discussion.

Manager: I'd like to be behind the door and hear what will be said.

County Agent: You won't need to be behind anything. We'd like for you to come and sit in on the meeting.

Scene 2

Regular meeting place for 4-H club. Change of scene effected by passing around a screen or passing off-stage and coming on from other side, or by other means. A few members may come on stage this time who were not in the first scene. Some easily made costume changes -- removal of or putting on ties, etc., may be effected. Stage should be set with enough chairs for group, preferably in rough circle.

President of club (or other chosen chairman) (calls the meeting to order); It's good to see so many of you parents and friends (addressing audience) out for this special meeting of our older 4-H members. We are especially glad that all who went on the farmer co-op tour are here. Their report is the learning part of our program today. There is a lot for them to tell us so let's get right into action. (Addressing 4-H members.) Just how should we tell our fellow club members and friends about what we learned on that trip? Who has an idea?

4-H Member: Let's talk about the answers we got to the questions we asked the manager.

President: That sounds like a good plan. Everybody agreed?

4-H Members -- Simultaneously, different voices on each word or phrase: "O.K." "Good enough." "Go ahead."

President: Which question first?

1st 4-H Member: Let's start at the beginning. Why did the farmers organize the _____ association?

President: Who wants to make a try at that one? (Nods to 2nd 4-H member.) Go ahead, _____.

2nd 4-H Member: Well, one reason was because they didn't think they were getting enough for their (milk, livestock, grain, etc., or were paying too much for feed, fertilizer, seed, etc.) They believed they could do a better job than the folks handling those (products or supplies.)

3rd 4-H Member: Another reason was the job was too big for one farmer to handle. It took a lot of them working together to make it go.

4th 4-H Member: It was different with the Electric Co-op. Before it was set up most folks didn't have any chance at all to get electricity.

4-H Member: Yes, and that's the way it was with our dairy breeding co-op. Before that every dairyman had to keep his own bull and most of them were mighty poor ones.

4-H Member: And dangerous to have around besides.

President: I think that about sums it up. There was a job needed doing (or to be better done), and it was too big a job for one farmer to tackle. So they shared it. Now, how about another of our questions?

4-H Member: What about who owns the business and how they put their money in it?

4-H Member: The members own the association because they put their own money in it. At first they bought stock (other name if different). Farmers still can buy stock if they want to put their extra money into the co-ops. This is called investment capital. (This would be omitted if not followed.)

4-H Member: Most of the new money now comes from running the business. The patron leaves a part (or all) of the savings made on his business in the association for a while as capital. It is used for buildings, equipment and operating funds as the co-op grows.

4-H Member: The money still belongs to the members though. The association sends each member a (letter, statement, certificate, or other form used) each year telling him how much his share is in what is kept. And the bigger the business he does through the co-op the bigger his share is in the ownership.

4-H Member: Yes, and later he gets his share in cash if the co-op continues to succeed. Of course, this may take several years if the co-op keeps on growing and more capital is needed.

President: Do the members own all the capital in this cooperative?

4-H Member: Yes (in the rare case where this is true). No, like most businesses they borrow part of the money they use. Most of the money though for the most of the time belongs to the members.

President: That pretty near tells the story about ownership of the co-op. The members own it and their share is about in proportion to the business they have done through it. What question shall we go into next?

4-H Member: Who governs the co-op?

4-H Member: The board of directors. It decides how the business will be carried on. Then it hires a manager to take charge and run it.

President: But where does the board's job leave off and the manager's job begin?

4-H Member: The board decides what to do and then the manager carries it out. For instance the board decides they need a bookkeeper, but the manager does the hiring.

President: That's a good point to get across, but how are the directors elected and how is the voting done?

4-H Member: That's an easy one. The members elect the board at their annual meeting. Each member has one vote. Generally more than one person is nominated and members vote by secret ballot.

4-H Member: That means that the members really are the ones who govern the co-op.

4-H Member: Yes and anybody that wants to, can become a member. All he has to do is bring his business to the association and (sign application, buy share of common stock, or other requirement, if any). Sounds mighty democratic to me.

President: Since the directors hire the manager and decide on policies, electing the best men is very important. Here again we find the members share in controlling their co-op, and in most co-ops the voting is one man, one vote. Now for another of our questions.

4-H Member: Who does business with the co-op?

4-H Member: Mostly the members. A few people who have not become members do part of their business with the co-op. Mr. _____, the manager, told us that _____ percent of their business is done with members.

4-H Member: In our artificial breeding co-op a man has to become a member before he can get service.

4-H Member: Yes and that's true also for the production credit association and the national farm loan association. Every borrower has to be a member.

4-H Member: With our milk bargaining association the dairyman has to sign a contract that he will deliver all his milk to the dealer who buys it from the co-op.

4-H Member: No matter whether he signs a contract, a member ought to do his business through his association as long as he belongs to it. With the bigger volume the co-op does a better job and makes more savings for its members. Some members even go out and get other farmers to join so the co-op will grow faster.

President: Yes, co-ops do business largely with members. The member-owners and the patrons are the same people. Maybe we ought to say members share in making the co-op a success by doing business through it. who will give us another question?

4-H Member: Who gets the savings or net margins?

4-H Member: They are divided among the members according to the amount of business they did through the co-op. Usually non-members are treated just like members in prorating the savings for they help build up the business volume and increase the net margins.

4-H Member: Not all the savings are paid out in cash though. Like we said awhile ago the co-op has to keep part of the money for a time to use in the business. The members agreed to this when they organized or when they joined. This plan is usually put in the charter or the by-laws.

4-H Member: My Dad's been getting a refund from a co-op nearly every year and he likes it. He says though the good service the co-op is giving us means a lot more than the refund.

4-H Member: Our family feels the same way about it. Besides co-ops don't always have money to pay out in refunds. Co-ops make a net margin for the patron only when they do the job at less cost than other businesses. Patronage payments are really just the last step in dividing out the costs.

President: We can say then that members share the costs of running the co-op in proportion to the business they do through it. What is left after all the costs are paid belongs to the members and is divided among them. This is fair because the co-op does business at cost. But suppose the co-op doesn't get enough money to pay all the costs, what then?

4-H Member: It would have to be paid out of what was left in the co-op last year or the year before. The manager said this money is usually called reserves. This means the loss comes out of the members money in the association. That's a risk co-op members have to take.

President: Well, it looks like cooperation is really only a way of sharing. Members share in putting money into their association, in

doing business through it, in electing directors to run it, and in paying the costs. They want to share the benefits so they have to share the risks.

Now I wonder if our County Agent has a word for us before we close.

County Agent: Yes, I would like to say I'm pleased with what you 4-H members have learned about cooperatives, and I am proud of the impression you made on the manager at the co-op. He gave us all an invitation to attend the annual meeting of the association and said he would like for you to give a skit or demonstration as a part of the program. What do you think about it?

President: That sounds all right and I sure want to go; but what would we do?

County Agent: How would you 4-H members like to give this discussion just about the way you have done today? Maybe some of the co-op members don't understand how many ways they are sharing in their association. I feel sure everybody would enjoy a talk fest like you have put on today. How would that suit you?

4-H Member: I move we accept the invitation.

4-H Member: I second the motion.

President: It has been moved and seconded that our 4-H Club attend the annual meeting of the _____ Cooperative Association and that they discuss "Sharing in a Cooperative." Is there any discussion? (Pause -- no discussion). If there is no discussion, all those in favor say "Aye." (Pause for Ayes). Those opposed say "no." (Pause). The "Ayes" have it and our 4-H members will give a discussion on "Sharing" at the annual meeting of the _____ Cooperative Association.

Organizing a Junior Cooperative

J. H. Heckman¹

Explanation

The junior cooperative is a timely tool for carrying out the "learning by doing" method of teaching cooperation. Frequently it can extend and formalize to advantage the business activities the group may be doing anyway.

Several problems, however, arise with the organization and operation of a junior cooperative. One of these problems is procedure which involves



details. A second is the liability incident to business ventures which extend beyond the field of education. A third problem is that of relationships with other business organizations in the community. Still a fourth is making the maximum use of the services of the available business organizations and educational agencies in setting up and operating a junior cooperative.

This demonstration is designed to clarify the four situations just mentioned. It may be given before meetings of youth groups, educational

¹An adaptation of this demonstration was developed by P. R. Schneider, Vocational Agriculture Instructor, Columbia, Mo., for presentation by the Columbia F.F.A. Chapter as part of a sectional program of the Leadership Training Conference held during the Amercian Institute of Cooperation at Columbia, August, 1953.

leaders, or cooperatives. Also, it may be helpful as a guide to particular groups interested in setting up a junior cooperative.

Demonstration In Organizing Junior Cooperative

Time: Thirty minutes

Reference: Unit IV and Supplement of Farm Credit Administration Circular E-34

Status of organization at beginning of demonstration:

1. Adult sponsors have completed organizing the cooperative, including obtaining charter and adopting resolution authorizing junior group to operate the cooperative.
2. Youth group has adopted their set of bylaws.

Scope of this demonstration:

1. Outline (by Chairman and Chapter President) present status of the cooperative and the procedure by which it was reached.
2. Elect junior board of directors.
3. Organize board (if time permits).
4. Outline procedure to complete organization.
 - A. Advise sponsors of action at this meeting.
 - B. Organize board (if time will not permit at demonstration meeting).
 - C. Elect manager.

Personnel:

1. Teacher or adviser.
2. Fifteen to 20 boys of high-school age (preferably F.F.A. members--a class would be ideal).

Material:

1. Charter (any charter with special section attached).
2. Bylaws (any set of bylaws, with special sections attached).
3. Membership certificates (any membership certificate with special wording attached).

4. Nominating committee report.
5. Resolution of sponsoring board.

(Note: Material for items 1-5 are to be in hands of designated members when meeting assembles.)

6. Blackboard and ballots.

Setting: Meeting assembled. Chapter president in chair, teacher or adviser also at head table.

Procedure:

1. Chairman: Calls meeting to order. States, "purpose of meeting is to review what we have done so far with our junior cooperative program and to elect our board of directors." Mentions fact that, "this is the _____ meeting of junior members and parents and guardians organizing the _____ Association." Outlines reasons for organizing the co-op.
 - (1) To learn cooperation by actually doing it.
 - (2) To establish an organization for handling the club's business. Mentions a few possible business activities, such as buying seed, fertilizer or marketing such production from projects, and to be in better position to use the _____ Cooperative. (Name a nearby co-op.)
2. Chairman mentions that "after talking with the Extension Economist when he was here with county agent _____ (name him), and a few parents in the community, it was decided it would be best to incorporate our association." Mentions a few reasons for reaching this decision. (See FCS Educational 3, Circular page 21.) States: "I understand our charter is back from the State Office and _____ has it." Names one of the boys. Asks this boy to read Section 1 of Article V of the charter. "It sets forth the relationship of our dads to this association. Boy holds up charter and reads a statement attached to it. (See suggested attachment on page 13. It may be worded different ways. This is just illustrative.)
3. Chairman: "Our membership certificates are interesting. They are based on the agreement with our dads that _____ just read from the charter." Calls on a member. "Read yours. I believe you have it." Boy holds up certificate, then reads it. (Any certificate with special wording attached. See suggested membership certificate on page 13.)
4. Adviser gets recognition and comments that, "The dads sponsoring the cooperative are authorizing you boys to run it." (Quotes or develops statement from No. 6, page 35, of FCS Educational Circular 3.

Chairman states: "Yes, I understand the committee we appointed to work with the sponsoring board has a report to make." Calls one of the boys. "Do you have the report?" Boy gets up and holding a paper states that "our committee, _____, _____, and _____ (Names two or three boys) attended a special meeting of the board last night. The board passed a resolution authorizing us to have complete charge of running the cooperative. I'll read it." Reads the resolution. (See suggested resolution on page ____.)

5. Chairman: "That's our authority to go ahead with our program. You recall that while our dads and guardians were completing the legal set-up, we adopted our operating set of bylaws. _____ has it." Calls to member who holds up a set of bylaws.
6. Chairman: "This meeting might be called our first annual meeting, as directors are elected at the annual meeting." Calls to boy with bylaws. "Read Sections 1 and 2 of Article II of the bylaws, and we'll see what it says about electing directors." Boy reads section attached to bylaws. (See suggested bylaws on page 14.)
7. Chairman: "That's how we elect our directors." "I'll ask our adviser to preside during the election of our directors." (This varies the procedure. Also, no doubt the Chapter President would be elected a director).
8. Adviser: "Now let's have the report of the nominating committee we selected at our last meeting." Calls to boy in group. "Does your committee have a report?" Boy arises, is recognized, and places 10 names in nomination, writing them on the board.
9. Adviser asks for further nominations. (It would be well for one or two nominations to be made from the floor.)
10. Adviser distributes the ballots, commenting on the secret ballot plan provided for in the bylaws. Tells boys to write the names on the ballot of the five boys they wish elected. Appoints two boys to collect and count ballots. (While ballots are being counted, members can decide on next meeting date. Two or three boys suggest dates and reasons. Agree upon date. Committee reports on ballot count and checks names on blackboard.)
11. Adviser: "Well, here's your board." Asks boys to stand. Hand claps, etc. If time permits, adviser further states, "The bylaws require that the board elect its officers from among their own number. These officers are President, Vice President, and secretary-Treasurer. You board members come up around the table and elect your officers."
12. Boys assemble at table.

13. Adviser asks for nominations for President. (Get two nominations. To save time, use honor system in electing officers. Ask board members to close eyes as they vote by raising right hands.)
14. Adviser announces winner as being elected President.
15. President takes over and presides during election of Vice President and Secretary-Treasurer. Use the same method of voting and encourage two nominees.
16. President announces: "This completes the business we had planned for this meeting. Is there any other matter anyone wishes to bring up?" (Pause briefly.) "At our next meeting we will elect a manager and discuss our business program. You recall that our committee met with Manager (put in a name) and President (put in name) of the _____ Association and worked out plans for our association to become a member and get our supplies or market our products (put in supplies or marketing, whichever is appropriate) through the cooperative. This plan benefits both organizations. Manager _____ will have fewer records to keep as there will be just one entry for the entire group of us. We will get the benefit of the services of the _____ cooperative. Also, we will get the practice and experience of pooling our business and handling it within the Chapter."

In the meantime, I will tell our sponsoring board members about our meeting today and the names of our officers. Until the next meeting of the _____ Association, we are adjourned."

Legal Documents¹

Articles of Incorporation

Article V

Section 1. If a member of the _____ F.F.A. Chapter wishes to become a junior member of the _____ Association, his parent or guardian may become a member of the Association as trustee for the junior member. Trustee membership may be retained as long as the junior member, for which the parent or guardian is trustee, is a member in good standing of the _____ F.F.A. Chapter.

Membership Certificate

No. _____

This certifies that _____ is a member of the _____ Association as trustee for _____, having paid in full the membership fee of _____.

(Date)

(Secretary-Treasurer)

Voting rights of Trustee in _____ Association cease at such time as _____ ceases to be a member of _____ F.F.A. Chapter.

¹Prepared in counsel with L. S. Hulbert, Legal Consultant to American Institute of Cooperation.

Resolution of Directors of _____ Association
_____ 1953

The Board of Directors of the _____ Association, in special session, _____ 1953, duly adopted the following resolution:

Be it resolved that beginning _____ 1953, and effective until rescinded, the Junior Officers and Members of the _____ Association, together with their Adviser, _____, shall have complete charge of the policy and operations of the _____ Association. The appropriate Junior Officer or Officers are authorized to sign checks and other business instruments of the Association jointly with the President or other designated officials of the Association.

(Secretary)

Bylaws

Article II

Section I. Directors. The business of the Association shall be controlled by a board of five directors, each of whom shall be a member of the Association.

Section II. Election of Directors. The directors shall be elected at the annual meeting for a term of one year. No director can succeed himself but once. At least 10 nominations shall be made. All voting for directors shall be by secret ballot and the five nominees who receive the greatest number of votes shall be elected.

